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January 21, 2003

Ms. Marlene H. Dortch Secretary Federal Communications Commission 445 12<sup>th</sup> Street, SW, Room TWB-204 Washington, DC 20554

Re:

In the Matter of Review of Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers and Implementation of the Local Competition Provisions in the Local Telecommunications Act of 1996, CC Docket Nos. 01-338; 96-98; 98-147

<u>In the Matter of Appropriate Framework for Broadband Access to the Internet Over Wireline Facilities</u>, CC Docket Nos. 02-33; 95-20; 98-10

Dear Ms. Dortch:

On Thursday January 16, Friday January 17 and Saturday January 18, I spoke with Dan Gonzalez, Commissioner Martin's Legal Adviser, to discuss issues related to the aforementioned proceedings. During the course of that discussion, we explained to the Commissioner and his staff AT&T's position on the necessity of requiring the unbundling of switching until the significant economic impairments that AT&T has identified in the record of the Triennial Review are addressed and eliminated. The process of identifying those impairments and whether they have been removed can only be conducted on a market-by-market basis and cannot be determined in a national proceeding. Rather, state commissions must be left with the authority to conduct that granular analysis based upon local facts and conditions.

In addition, we emphasized the importance of maintaining unbundling obligations on incumbent providers based upon the services the CLECs seek to offer over those facilities rather than the services the ILEC chooses to offer over a facility. The latter, we explained, would distort competition by incenting the

incumbents to create separate, inferior networks for competitive access in direct contravention of the non-discrimination principles espoused in the Telecommunications Act. We briefly discussed why use restrictions should be eliminated. We also discussed Commissioner Martin's regulated layer approach to addressing the investment incentives issues identified in the aforementioned proceedings.

The positions expressed in the meeting for each of these areas were consistent with those contained in the Comments, Reply Comments and ex parte filings previously made in the aforementioned dockets. One electronic copy of this Notice is being submitted for each of the referenced proceedings in accordance with the Commission's rules.

Sincerely,

Robert W. Zuinnes.

cc: Dan Gonzalez